



Department of Justice

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JUSTICE DEPARTMENT APPROVES CARRIER CREDIT SERVICES' PROPOSAL TO ACT AS A COMMON BILLING AND COLLECTION AGENT

WASHINGTON, D.C. – The Department of Justice today announced that it would not challenge a proposal by Carrier Credit Services Inc. (CCS)--a billing and collection company--that would allow them to act as a common billing and collection agent for ocean carriers that serve the U.S.-Puerto Rico trades.

In a business review letter issued by A. Douglas Melamed, Acting Assistant Attorney General in charge of the Antitrust Division to CCS, the Department said the proposal would not substantially lessen competition among the affected ocean carriers.

Ocean carriers that serve the U.S.-Puerto Rico trades transport freight in uniform-size shipping containers that are leased by the carriers to the seller of the cargo. Once the shipment is delivered, the consignees--receivers of the shipment--often use the leased containers for the temporary storage of their cargo. To ensure the return of the equipment within a certain time period, the carriers charge the consignee a fee, often referred to as a 'detention and demurrage' charge. Each carrier sets forth an individual policy under their tariff that determines when and how a carrier calculates and assesses detention and demurrage charges. Under the ICC Termination Act of 1995, each carrier is required to bill and collect all tariff charges.

According to CCS, carriers in the U.S.-Puerto Rico trades often experience problems collecting monies owed to them for detention and demurrage charges. In addition, CCS and its prospective customers believe that many shippers and consignees who default on their bills seek to obtain services from other ocean carriers without first paying the pre-existing charges.

In an effort to reduce the amount of uncollected debt, CCS proposes to perform detention and demurrage billing and collection services for the ocean carriers that service the U.S.-Puerto Rico trades. Under their proposal, CCS will publish the names of customers who have failed to pay their debt as required, including the amount of the delinquency, and the number of days the payment is past due. CCS will make the delinquent list available to its customers, allowing each of them independently to develop and implement its own credit and collection policies with respect to firms listed as delinquent.

In addition, CCS has agreed to exchange information with its members without the old or prospective new carrier knowing the identity of the other. CCS will refrain from disclosing information among ocean carriers about open accounts, or the general credit terms or practices of carriers. Based on information contained in a customers file, members of CCS will be free to make an independent decision to determine whether or not service will be provided to that customer or whether to insist on protective credit measures.

To the extent that the information exchanged is limited to include only payment delinquencies, and the ocean carriers continue to make independent unilateral decisions based solely on the information contained in the delinquent list, the Department said the proposal would not likely have an anticompetitive effect.

Under the Department's Business Review Procedure, an organization may submit a proposed action to the Antitrust Division and receive a statement as to whether the Division will challenge the action under the antitrust laws.

A file containing the business review request and the Department's response may be examined in the Antitrust Documents Group of the Antitrust Division, Suite 215, Liberty Place,

325 7th Street, N.W., Department of Justice, Washington, D.C. 20004. After a 30-day period, the documents supporting the business review will added to the file.

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